

**NEW ORLEANS  
CHARTER SCHOOLS FOUNDATION**

**FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2013 and 2012**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
New Orleans Charter Schools Foundation  
New Orleans, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation") d/b/a McDonogh City Park Academy, which comprise the Statements of Financial Position as of June 30, 2013 and 2012, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Consolidating Statements of Financial Position and Activities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2013, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of

that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, LLC*

Metairie, Louisiana  
November 13, 2013

## **FINANCIAL STATEMENTS**

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 671,983	\$ 787,999
Restricted cash	15,403	-
Prepaid expenses	124,817	32,578
Accounts receivable, net	<u>190,793</u>	<u>243,556</u>
Total Current Assets	<u>1,002,996</u>	<u>1,064,133</u>
<b>Non-Current Assets:</b>		
Property and equipment, net	<u>133,630</u>	<u>89,109</u>
Total Assets	<u><u>\$ 1,136,626</u></u>	<u><u>\$ 1,153,242</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 142,525	\$ 152,003
Accrued expenses	<u>155,726</u>	<u>87,166</u>
Total Current Liabilities	<u>298,251</u>	<u>239,169</u>
Total Liabilities	<u>298,251</u>	<u>239,169</u>
<b>Net Assets:</b>		
Unrestricted	822,972	914,073
Temporarily restricted	<u>15,403</u>	<u>-</u>
Total Net Assets	<u>838,375</u>	<u>914,073</u>
Total Liabilities and Net Assets	<u><u>\$ 1,136,626</u></u>	<u><u>\$ 1,153,242</u></u>

See accompanying notes to financial statements.



**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2013 and 2012**

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Unrestricted Total
<b>Public Support and Other Revenues</b>				
Local sources	\$ 1,874,331	\$ 19,452	\$ 1,893,783	\$ 1,672,216
State sources	1,569,412	-	1,569,412	1,396,275
Federal sources	1,086,940	-	1,086,940	1,044,927
In-kind donation	80,300	-	80,300	80,300
Donations and contributions	3,141	15,000	18,141	32,218
Miscellaneous income	24,651	-	24,651	14,818
	<u>4,638,775</u>	<u>34,452</u>	<u>4,673,227</u>	<u>4,240,754</u>
<b>Net Assets Released from Restrictions</b>				
Restrictions satisfied by payments	<u>19,049</u>	<u>(19,049)</u>	<u>-</u>	<u>-</u>
Total Public Support and Other Revenues	<u>4,657,824</u>	<u>15,403</u>	<u>4,673,227</u>	<u>4,240,754</u>
<b>Expenses</b>				
Program services:				
Instructional	2,393,698	-	2,393,698	2,227,405
Supporting services:				
Management and general	2,338,202	-	2,338,202	2,069,395
Non-Instructional services:				
Other services	<u>17,025</u>	<u>-</u>	<u>17,025</u>	<u>17,501</u>
Total Expenses	<u>4,748,925</u>	<u>-</u>	<u>4,748,925</u>	<u>4,314,301</u>
<b>Increase (Decrease) in Net Assets</b>	<u>(91,101)</u>	<u>15,403</u>	<u>(75,698)</u>	<u>(73,547)</u>
Net assets at beginning of year	<u>914,073</u>	<u>-</u>	<u>914,073</u>	<u>987,620</u>
Net assets at end of year	<u>\$ 822,972</u>	<u>\$ 15,403</u>	<u>\$ 838,375</u>	<u>\$ 914,073</u>

See accompanying notes to financial statements.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows from Operating Activities:</b>		
Decrease in net assets	\$ (75,698)	\$ (73,547)
Depreciation expense	42,663	60,008
Decrease (increase) in operating assets:		
Accounts receivable	52,763	(76,625)
Prepaid expenses	(92,239)	(18,775)
Increase (decrease) in operating liabilities:		
Accounts payable	(9,478)	34,269
Accrued expenses	68,560	(45,461)
	<u>(13,429)</u>	<u>(120,131)</u>
Net cash used in operating activities		
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	<u>(87,184)</u>	<u>-</u>
Net cash used in investing activities	<u>(87,184)</u>	<u>-</u>
Net decrease in cash and cash equivalents	<u>(100,613)</u>	<u>(120,131)</u>
Cash and Cash Equivalents, Beginning of Year	<u>787,999</u>	<u>908,130</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 687,386</u></u>	<u><u>\$ 787,999</u></u>
As reported in the accompanying Statements of Financial Position:		
Cash and Cash Equivalents	\$ 671,983	\$ 787,999
Restricted Cash	15,403	-
	<u><u>\$ 687,386</u></u>	<u><u>\$ 787,999</u></u>

See accompanying notes to financial statements.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2013**

	<b>PROGRAM SERVICES</b>	<b>SUPPORT SERVICES</b>	<b>NON- INSTRUCTIONAL SERVICES</b>	
	<b>Instructional</b>	<b>Management And General</b>	<b>Other Services</b>	<b>Total</b>
<b>Expenses:</b>				
Regular education programs	\$ 2,040,166	\$ -	\$ -	\$ 2,040,166
School administration	-	768,236	-	768,236
Student transportation	-	450,627	-	450,627
Instructional staff services	-	366,365	-	366,365
Operation and maintenance of plant services	-	282,344	-	282,344
Special education programs	285,679	-	-	285,679
Pupil support services	-	122,064	-	122,064
General administration	-	113,758	-	113,758
Business services	-	120,247	-	120,247
Office expenses	-	80,300	-	80,300
Central services	-	34,261	-	34,261
Food services	-	-	14,349	14,349
Other instructional programs	67,853	-	-	67,853
Site improvement	-	-	2,676	2,676
	<u>\$ 2,393,698</u>	<u>\$ 2,338,202</u>	<u>\$ 17,025</u>	<u>\$ 4,748,925</u>

See accompanying notes to financial statements.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2012**

	<b>PROGRAM SERVICES</b>	<b>SUPPORT SERVICES</b>	<b>NON- INSTRUCTIONAL SERVICES</b>	<b>Total</b>
	<b>Instructional</b>	<b>Management And General</b>	<b>Other Services</b>	
<b>Expenses:</b>				
Regular education programs	\$ 1,971,729	\$ -	\$ -	\$ 1,971,729
School administration	-	620,815	-	620,815
Student transportation	-	353,706	-	353,706
Instructional staff services	-	320,348	-	320,348
Operation and maintenance of plant services	-	305,180	-	305,180
Special education programs	249,792	-	-	249,792
Pupil support services	-	130,511	-	130,511
General administration	-	124,109	-	124,109
Business services	-	114,856	-	114,856
Office expenses	-	80,300	-	80,300
Central services	-	19,570	-	19,570
Food services	-	-	12,118	12,118
Other instructional programs	5,884	-	-	5,884
Site improvement	-	-	4,791	4,791
Community service operations	-	-	592	592
	<u>\$ 2,227,405</u>	<u>\$ 2,069,395</u>	<u>\$ 17,501</u>	<u>\$ 4,314,301</u>

See accompanying notes to financial statements.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation") was incorporated in March 2006 for the purpose of operating charter schools in New Orleans. The Louisiana State Board of Elementary and Secondary Education (BESE) granted the Foundation two (2) Type 5 charters to operate McDonogh City Park Academy (the "Academy") and New Orleans Free Academy, pursuant to Louisiana Revised Statute 17:3971 et seq. The charters were valid until June 30, 2011. BESE is responsible for evaluating the performance of the academies and has the authority to deny renewal of the contracts at their expiration or terminate the contracts prior to their expiration. New Orleans Free Academy's charter was voluntarily surrendered to BESE on June 30, 2009. On May 17, 2011, the charter for McDonogh City Park Academy was extended three years through June 30, 2014. All assets and lease agreements associated with the New Orleans Free Academy have reverted back to the Recovery School District (RSD), except for cash and cash equivalents in the amount of \$53,126 held in the New Orleans Free Academy's bank account. The Foundation is in the process of trying to ascertain if the funds should revert back to the State of Louisiana, the Recovery School District, or remain with the organization.

The Foundation operates under the direction of a ten-member board of directors. The board of directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Academy's instructional/support facility staffed by 30 certified full-time teaching personnel who provide services to 422 students.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. The allocation between the functions is compiled based on the Louisiana Accounting and Uniform Governmental Handbook (LAUGH).

Income Tax Status

The Foundation is a tax exempt organization under Internal Revenue Code Section 501(c)(3) and, as such, is not subject to income tax.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Public Support and Revenue

The Foundation receives its support primarily from the Louisiana State Department of Education and the United States Department of Education. Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give which are estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Accounts receivable make up a significant portion of the Foundation's current assets. The Foundation's management has determined these receivables are fully collectible as of June 30, 2013 and 2012, and therefore no allowance for uncollectible accounts has been recorded.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation

The Foundation follows the provisions of Not-For-Profit Entities Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations which includes three basis financial statements and classification of resources into three separate categories of net assets, as follows:

- Unrestricted - Net assets which are free of donor imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to such stipulations.
- Permanently Restricted - Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the Foundation.

Property and Equipment

Property and equipment is capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment is recorded at fair market values as of the date received. The Foundation maintains a capitalization threshold of \$5,000 for furniture and equipment, land, and leasehold improvements, or any one item costing under \$5,000 alone but purchased in a group for over \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported property and equipment except land is depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Leasehold improvements	life of lease or 5 years, whichever is greater
Furniture, fixtures, and equipment	3-7 years

Due to Student Groups

Amounts classified as due to student groups are funds raised by student groups for use in group activities. These amounts are not recorded in the Statements of Activities. The funds are segregated and held for the students.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Subsequent Events

Subsequent events have been evaluated through November 13, 2013, the date the financial statements were available to be issued.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Under State law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The Foundation's cash deposits exceeded the Federal Deposit Insurance Corporation limits at various times during the year ended June 30, 2013.

Restrictions on cash include donor imposed contributions received from the Recovery School District in the amount of \$15,403 for student activity use. Restricted cash is released from temporarily restricted net assets by incurring expenses satisfying the restrictions imposed by donors.

**NOTE 3 – CONTRACTS RECEIVABLE**

At June 30, 2013 and 2012, there were contracts receivable of \$47,097, from The Leona Group, LLC (TLG) for the reimbursement of the cost of services to McDonogh City Park Academy, pursuant to a Management Agreement discussed more fully in Note 9 below. These amounts were included in accounts receivable. Due to the uncertainty of receipt of the amounts due, the Foundation has created an allowance for uncollectible receivables for the full amount of \$47,097.

**NOTE 4 – PROPERTY AND EQUIPMENT**

The cost of property and equipment is summarized as follows:

	<u>2013</u>	<u>2012</u>
Leasehold improvements	\$ 23,118	\$ 23,118
Furniture, fixtures, and equipment	427,646	340,462
Less accumulated depreciation	<u>(317,134)</u>	<u>(274,471)</u>
Net carrying amount	<u>\$ 133,630</u>	<u>\$ 89,109</u>

Depreciation expense was \$42,663 and \$60,008, respectively, for the years ended June 30, 2013 and 2012.



**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 5 – RETIREMENT PLAN**

Substantially all employees of the Foundation participate in the Teachers' Retirement System of Louisiana (TRSL). This system is a cost-sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age 60; otherwise, benefits vest after 20 years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute to the plan 8% of their annual covered payroll and the Foundation is required to contribute 24.5% and 23.7% of the annual covered payroll of each participating employee for the years ending June 30, 2013 and 2012, respectively. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the years ended June 30, 2013 and 2012, the Foundation's contributions to this plan totaled \$509,940 and \$479,804, respectively.

**NOTE 6 – COMPENSATED ABSENCES**

**School-Based Employees:**

All school-based employees are granted five (5) paid time off (PTO) days at the beginning of each year. These days are to be used in case of illness or any other reason an employee needs a day off. If an employee starts after the beginning of the school year, personal leave/sick days are pro-rated. School-based employees may be paid \$100 per day for every unused day. Unused days are reported to TRSL upon termination of employment.

**Funding Policy:**

School Support Center (SSC) staff work throughout the year and observe school holidays. All full time Foundation SSC staff earns a minimum total of twenty (20) days PTO (a combination of fifteen (15) vacation days and five (5) sick days) per year. Unused sick days are reported to TRSL upon termination of employment. School Support Center staff may request a pay-out of up to five (5) unused vacation days at the end of the fiscal year, and may also carry over up to five (5) vacation days, with a maximum allowed balance of 160 hours. Any hours that exceed 160 will be forfeited.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 7 - CONTINGENCIES**

**State Funding** - The continuation of the Academy is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

**NOTE 8 – LEASE AGREEMENT**

The Foundation has entered into a rent-free lease with the RSD for the period from July 1, 2007 through June 30, 2009 for the use of the Academy's main buildings, gymnasiums, and grounds as school facilities. The rent-free lease for McDonogh City Park Academy automatically extended upon the three-year extension of the Academy's charter, discussed in Note 1. The extension will terminate on June 30, 2014. The amount of the rent-free leases has been valued based on a schedule included in the signed lease agreements indicating fees that would be charged to nonprofit organizations for rental of the building totaling \$80,300 for each of the years ending June 30, 2013 and 2012, which is included in office expenses.

The Foundation is responsible for the payment of utilities, janitorial, disposal services, and property taxes.

The RSD may move the Academy, at the end of the extension, to other facilities as deemed necessary, taking into consideration such factors as building capacity, design alignment with grade levels served by the academies, projected enrollment, program specific needs, and community needs.

The Foundation may terminate this agreement upon 30 days' notice to locate its school in a non-RSD facility.

The RSD may terminate this agreement with cause prior to the end of the specified term in the event the Foundation fails to remedy a material breach within a period reasonable under the circumstances, but not less than 15 days after notice from the RSD.

**NOTE 9 – MANAGEMENT AGREEMENT**

The Foundation entered into a three-year contract, with renewal options, for each academy, effective July 1, 2006 through June 30, 2009, with The Leona Group, LLC (TLG) for educational management services for all of the management, operation, administration, and education at the academies. The Foundation did not renew the management contract with TLG upon the conclusion of the initial three-year term on June 30, 2009. The Foundation began self-

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 9 – MANAGEMENT AGREEMENT (CONTINUED)**

management on July 1, 2009. The Foundation is contesting certain management fees charged by TLG due to TLG's alleged nonperformance of certain services. The Foundation and TLG have not resolved, nor pursued, a resolution to these matters. As of the date of this report, the Foundation does not believe there is significant, if any, liability related to the nonrenewal of this contract. Consequently, the Foundation has not shown any accruals for possible costs in the financial statements.

**NOTE 10 – SIGNIFICANT CONCENTRATIONS**

For the years ended June 30, 2013 and 2012, the Foundation received approximately 23% and 26%, respectively, of its total revenue from federal sources, approximately 34% and 33%, respectively, of its total revenue from State public school funds, and approximately 41% and 39%, respectively, of its total revenue from Local sources.

**NOTE 11 – UNCERTAIN TAX POSITIONS**

Accounting principles generally accepted in the United States of America require the Foundation's management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Foundation's management has analyzed the tax positions taken by the Foundation, and has concluded that as of June 30, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation's management believes it is no longer subject to income tax examinations for years prior to 2010.

**NOTE 12 – OPERATING LEASES**

The Foundation entered into operating leases for the rental of copiers and printers in September 2011. The leases are for thirty-six (36) months expiring in August 2014. Rental payments under these leases were \$30,888 and \$22,582 for the years ended June 30, 2013 and 2012, respectively.

Future minimum commitments under the operating lease agreements are as follows:

2014	\$ 31,193
2015	<u>5,746</u>
	<u>\$ 36,939</u>

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 13 – SUBSEQUENT EVENT**

As discussed in Note 1, all assets and lease agreements associated with the New Orleans Free Academy (NOFA) have reverted back to the Recovery School District (RSD), except for cash and cash equivalents in the amount of \$53,126 held in the New Orleans Free Academy's bank account. As of the issuance date of this report, according to guidance from the Louisiana Department of Education, the Foundation is allowed to utilize the cash balance to reimburse McDonogh City Park Academy for costs incurred on behalf of NOFA. The utilization of the New Orleans Free Academy cash balance will be treated as Other Income for McDonogh City Park Academy in the 2014 fiscal year. Upon reimbursement, there will not be any remaining funds in the NOFA bank account and the account will be subsequently closed.

## **SUPPLEMENTAL INFORMATION**

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2013**

	New Orleans Free Academy	McDonogh City Park Academy	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 53,126	\$ 618,857	\$ 671,983
Restricted Cash	-	15,403	15,403
Prepaid expenses	-	124,817	124,817
Accounts receivable	-	190,793	190,793
	<hr/>	<hr/>	<hr/>
Total Current Assets	53,126	949,870	1,002,996
	<hr/>	<hr/>	<hr/>
<b>Non-Current Assets:</b>			
Property and equipment, net	-	133,630	133,630
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 53,126</u>	<u>\$ 1,083,500</u>	<u>\$ 1,136,626</u>
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ -	\$ 142,525	\$ 142,525
Accrued expenses	-	155,726	155,726
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	-	298,251	298,251
	<hr/>	<hr/>	<hr/>
Total Liabilities	-	298,251	298,251
	<hr/>	<hr/>	<hr/>
<b>Net Assets:</b>			
Unrestricted	53,126	769,846	822,972
Temporarily restricted	-	15,403	15,403
	<hr/>	<hr/>	<hr/>
Total Net Assets	53,126	785,249	838,375
	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 53,126</u>	<u>\$ 1,083,500</u>	<u>\$ 1,136,626</u>
	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2013**

	New Orleans Free Academy Unrestricted	McDonogh City Park Academy			
		Unrestricted	Temporarily Restricted	Total	Totals
<b>Public Support and Other Revenues</b>					
Local sources	\$ -	\$ 1,874,331	\$ 19,452	\$ 1,893,783	\$ 1,893,783
State sources	-	1,569,412	-	1,569,412	1,569,412
Federal sources	-	1,086,940	-	1,086,940	1,086,940
In kind donation	-	80,300	-	80,300	80,300
Donations and contributions	-	3,141	15,000	18,141	18,141
Miscellaneous	-	24,651	-	24,651	24,651
	-	4,638,775	34,452	4,673,227	4,673,227
<b>Net Assets Released from Restrictions</b>					
Restrictions satisfied by payments	-	19,049	(19,049)	-	-
Total Support, Revenues and Reclassifications	-	4,657,824	15,403	4,673,227	4,673,227
<b>Expenses</b>					
Program services:					
Instructional	-	2,393,698	-	2,393,698	2,393,698
Supporting services:					
Management and general	-	2,338,202	-	2,338,202	2,338,202
Non-Instructional services:					
Other services	-	17,025	-	17,025	17,025
Total Expenses	-	4,748,925	-	4,748,925	4,748,925
<b>Increase (decrease) in Net Assets</b>	-	(91,101)	15,403	(75,698)	(75,698)
Net Assets at Beginning of Year	53,126	860,947	-	860,947	914,073
Net Assets at End of Year	\$ 53,126	\$ 769,846	\$ 15,403	\$ 785,249	\$ 838,375

See accompanying notes to financial statements.

## **PERFORMANCE STATISTICAL DATA**



## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

Board of Directors  
New Orleans Charter Schools Foundation  
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the Foundation and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. The Foundation is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

### General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule K-1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures,
  - Total General Fund Equipment Expenditures,
  - Total Local Taxation Revenue,
  - Total Local Earnings on Investment in Real Property,
  - Total State Revenue in Lieu of Taxes,
  - Nonpublic Textbook Revenue, and
  - Nonpublic Transportation Revenue.

Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers (Schedule K-2)

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule K-4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2012.
3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule K-4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2012 and as reported on the schedule. We traced a random sample of 25 teachers to the individual’s personnel file and determined that the individual’s education level was properly classified on the schedule.

Number and Type of Public Schools (Schedule K-3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)

6. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2012 and as reported on the schedule and traced the same sample used in procedure 4 to the individual’s personnel file and determined that the individual’s experience was properly classified on the schedule.

Public Staff Data (Schedule K-5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual’s personnel file and determined that the individual’s salary, extra compensation, and full-time equivalents were properly included on the schedule.
8. We recalculated the average salaries and full-time equivalents reported in the schedule.

#### Class Size Characteristics (Schedule K-6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2012 roll books for those classes and determined that the class was properly classified on the schedule.

#### Louisiana Educational Assessment Program (LEAP) for the 21<sup>st</sup> Century (Schedule K-7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School System.

#### Integrated Louisiana Educational Assessment Program (iLEAP) (Schedule K-9)

11. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by the School System.

We noted the following exceptions as a result of applying the above procedures:

#### Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers (Schedule K-2)

##### **Finding:**

We noted one (1) instance where the employee education level was incorrect. The teacher was listed as having a Master's degree per the October 1, 2012 PEP report, but their personnel file indicated they had a Bachelor's degree as of October 1, 2012.

##### **Corrective Action Plan:**

Management is in agreement with this finding. The current policy states that the education level will not be updated until proof of the degree is verified.

#### Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)

##### **Finding:**

We noted seven (7) instances where the employees' years of experience were incorrect.

##### **Corrective Action Plan:**

Management is in agreement with this finding. The Director of Finance will review the PEP report with the personnel files in November and May of each year.

Public School Staff Data (Schedule K-5)

**Finding:**

We noted twenty-four (24) instances where the teachers' reported salary was incorrect per the June 30, 2013 PEP report. The salaries reported on the June 30, 2013 PEP report were the original contract salary, however all of these teachers were given raises or other extra compensation during the year and the actual salary paid was more than reported.

**Corrective Action Plan:**

Management is in agreement with this finding. The payroll data will be updated as earned; for example, bonuses will be input during the month they are earned.

Public School Staff Data (Schedule K-5)

**Finding:**

We noted one (1) instance where the teacher's reported annual minutes worked was incorrect per the June 30, 2013 PEP report. The annual minutes reported on the June 30, 2013 PEP report was the contract amount, however this teacher did not work a full year and the actual minutes worked were less than reported.

**Corrective Action Plan:**

Management is in agreement with this finding. Employee minutes will be updated as their employment is terminated and reviewed at the end of each year.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Foundation, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Carr, Riggs & Ingram, LLC*

Metairie, Louisiana  
November 13, 2013

# NEW ORLEANS CHARTER SCHOOLS FOUNDATION Schedule K-1

## NEW ORLEANS, LOUISIANA

### General Fund Instructional and Support Expenditures

#### Certain Local Revenue Sources

#### For the Year Ended June 30, 2013

#### General Fund Instructional and Equipment Expenditures

#### General fund instructional expenditures:

Teacher and student interaction activities:		
Classroom teacher salaries	\$ 1,024,485	
Other instructional staff activities	61,022	
Employee benefits	372,237	
Purchased professional and technical services	110,229	
Instructional materials and supplies	78,386	
Less instructional equipment	(34,538)	
Total teacher and student interaction activities		\$ 1,611,821
Other instructional activities		1,080
Pupil support activities	\$ 121,511	
Less equipment for pupil support activities	-	
Net pupil support activities		121,511
Instructional Staff Services	\$ 71,439	
Less equipment for instructional staff services	(1,635)	
Net instructional staff services		69,804
School Administration	\$ 761,780	
Less: Equipment for School Administration	(3,576)	
Net school administration		758,204
Total general fund instructional expenditures		\$ 2,562,420
Total general fund equipment expenditures		\$ 39,749

#### Certain Local Revenue Sources:

This section is not applicable to New Orleans Charter Schools Foundation.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION  
NEW ORLEANS, LOUISIANA**

**Schedule K-2**

**Education Level of Public Principals, Assistant Principals, and Full-Time Classroom Teachers  
As of October 1, 2012**

Category	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	12	46%	3	75%	-	-	-	-
Master's Degree	14	54%	1	25%	-	-	-	-
Master's Degree +30	-	-	-	-	2	100%	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	-	-	-	-	-	-
<b>Total</b>	<b>26</b>	<b>100%</b>	<b>4</b>	<b>100%</b>	<b>2</b>	<b>100%</b>	<b>-</b>	<b>-</b>

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION  
NEW ORLEANS, LOUISIANA**

**Schedule K-3**

**Number and Type of Public Schools  
As of October 1, 2012**

---

<b>Type</b>	<b>2012</b>
	<b>Number</b>
Elementary	1
Middle/Jr. High	-
Secondary	-
Combination	-
Total	1

Note: Schools opened or closed during the fiscal year are included in this schedule.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION  
NEW ORLEANS, LOUISIANA**

**Schedule K-4**

**Experience Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers  
As of October 1, 2012**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	-	-	-	1	1
Classroom Teachers	3	6	10	3	5	-	3	30
Principals	-	-	-	-	1	-	-	1
Total	3	6	10	3	6	-	4	32



**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**Schedule K-5**

**Public School Staff Data**

**2012-2013 School Year**

	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$53,029	\$52,952
Average Classroom Teacher's Salary Excluding Extra Compensation	\$50,219	\$50,130
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	29.7	28.7

Note: Figures reported include all sources of funding (i.e. federal, state and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

# NEW ORLEANS CHARTER SCHOOLS FOUNDATION      SCHEDULE K-6

## NEW ORLEANS, LOUISIANA

### Class Size Characteristics

As of October 1, 2012

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	6%	8	92%	119	1%	1	1%	1
Elementary Activity Classes	9%	2	91%	20	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**Schedule K-7**

**Louisiana Educational Assessment Program (LEAP) for the 21st Century**  
**For the Years Ended June 30, 2013, 2012, 2011**

District Achievement Level Results	English						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>												
Advanced	4	9%	1	2%	-	0%	4	9%	2	5%	1	2%
Mastery	18	40%	9	21%	11	25%	26	58%	4	10%	7	16%
Basic	13	29%	18	43%	19	44%	6	13%	17	40%	17	39%
Approaching Basic	6	13%	10	24%	9	20%	3	7%	11	26%	8	18%
Unsatisfactory	4	9%	4	10%	5	11%	6	13%	8	19%	11	25%
<b>Total</b>	<b>45</b>	<b>100%</b>	<b>42</b>	<b>100%</b>	<b>44</b>	<b>100%</b>	<b>45</b>	<b>100%</b>	<b>42</b>	<b>100%</b>	<b>44</b>	<b>100%</b>

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>												
Advanced	1	2%	1	2%	-	0%	-	0%	-	0%	-	0%
Mastery	7	16%	2	5%	-	0%	5	11%	-	0%	4	9%
Basic	27	60%	9	21%	16	37%	26	58%	19	45%	16	36%
Approaching Basic	5	11%	23	55%	12	27%	9	20%	11	26%	11	25%
Unsatisfactory	5	11%	7	17%	16	36%	5	11%	12	29%	13	30%
<b>Total</b>	<b>45</b>	<b>100%</b>	<b>42</b>	<b>100%</b>	<b>44</b>	<b>100%</b>	<b>45</b>	<b>100%</b>	<b>42</b>	<b>100%</b>	<b>44</b>	<b>100%</b>

**NEW ORLEANS CHARTER SCHOOL FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**Schedule K-7**

District Achievement Level Results	English						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 8</b>												
Advanced	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Mastery	5	10%	2	5%	2	6%	1	2%	2	5%	-	0%
Basic	28	59%	15	37%	16	50%	32	67%	13	33%	10	31%
Approaching Basic	11	23%	18	45%	12	38%	11	23%	15	37%	17	53%
Unsatisfactory	4	8%	5	13%	2	6%	4	8%	10	25%	5	16%
<b>Total</b>	<b>48</b>	<b>100%</b>	<b>40</b>	<b>100%</b>	<b>32</b>	<b>100%</b>	<b>48</b>	<b>100%</b>	<b>40</b>	<b>100%</b>	<b>32</b>	<b>100%</b>

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 8</b>												
Advanced	-	0%	-	0%	-	0%	1	2%	-	0%	-	0%
Mastery	5	11%	6	15%	3	9%	3	6%	-	0%	1	3%
Basic	23	48%	9	23%	6	19%	23	48%	13	33%	15	47%
Approaching Basic	17	35%	16	41%	18	56%	16	33%	13	33%	12	38%
Unsatisfactory	3	6%	8	21%	5	16%	5	11%	13	34%	4	12%
<b>Total</b>	<b>48</b>	<b>100%</b>	<b>39</b>	<b>100%</b>	<b>32</b>	<b>100%</b>	<b>48</b>	<b>100%</b>	<b>39</b>	<b>100%</b>	<b>32</b>	<b>100%</b>

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**Schedule K-9**

*Integrated Louisiana Educational Assessment Program (iLEAP)*  
For the Years Ended June 30, 2013, 2012, 2011

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	-	0%	2	4%	-	0%	-	0%
Mastery	5	11%	2	4%	2	4%	1	2%
Basic	13	27%	16	34%	13	28%	16	34%
Approaching Basic	21	45%	12	26%	23	49%	15	32%
Unsatisfactory	8	17%	15	32%	9	19%	15	32%
<b>Total</b>	<b>47</b>	<b>100%</b>	<b>47</b>	<b>100%</b>	<b>47</b>	<b>100%</b>	<b>47</b>	<b>100%</b>

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	-	0%	2	5%	-	0%	-	0%
Mastery	6	14%	4	8%	4	9%	5	11%
Basic	14	32%	14	32%	18	41%	18	41%
Approaching Basic	15	34%	7	16%	11	25%	14	32%
Unsatisfactory	9	20%	17	39%	11	25%	7	16%
<b>Total</b>	<b>44</b>	<b>100%</b>	<b>44</b>	<b>100%</b>	<b>44</b>	<b>100%</b>	<b>44</b>	<b>100%</b>

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	-	0%	-	0%	-	0%	3	6%
Mastery	6	11%	4	8%	8	15%	7	13%
Basic	23	44%	18	35%	22	42%	31	60%
Approaching Basic	18	35%	9	17%	19	37%	8	15%
Unsatisfactory	5	10%	21	40%	3	6%	3	6%
<b>Total</b>	<b>52</b>	<b>100%</b>	<b>52</b>	<b>100%</b>	<b>52</b>	<b>100%</b>	<b>52</b>	<b>100%</b>

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	-	0%	-	0%	-	0%	-	0%
Mastery	2	5%	3	7%	2	5%	2	5%
Basic	11	26%	8	19%	11	26%	18	42%
Approaching Basic	20	46%	13	30%	20	46%	10	23%
Unsatisfactory	10	23%	19	44%	10	23%	13	30%
<b>Total</b>	<b>43</b>	<b>100%</b>	<b>43</b>	<b>100%</b>	<b>43</b>	<b>100%</b>	<b>43</b>	<b>100%</b>

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**Schedule K-9**

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	1	2%	3	7%	-	0%	-	0%
Mastery	8	18%	5	11%	3	7%	6	13%
Basic	21	46%	17	38%	20	44%	18	40%
Approaching Basic	8	18%	9	20%	17	38%	14	31%
Unsatisfactory	7	16%	11	24%	5	11%	7	16%
<b>Total</b>	<b>45</b>	<b>100%</b>	<b>45</b>	<b>100%</b>	<b>45</b>	<b>100%</b>	<b>45</b>	<b>100%</b>

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	1	2%	1	2%	-	0%	1	2%
Mastery	5	12%	2	5%	3	7%	3	7%
Basic	11	26%	10	23%	6	14%	17	40%
Approaching Basic	13	30%	6	14%	24	56%	13	30%
Unsatisfactory	13	30%	24	56%	10	23%	9	21%
<b>Total</b>	<b>43</b>	<b>100%</b>	<b>43</b>	<b>100%</b>	<b>43</b>	<b>100%</b>	<b>43</b>	<b>100%</b>

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	-	0%	1	3%	1	3%	1	3%
Mastery	4	9%	4	10%	3	8%	-	0%
Basic	19	48%	15	37%	21	52%	26	64%
Approaching Basic	8	20%	9	23%	12	29%	7	18%
Unsatisfactory	9	23%	11	27%	3	8%	6	15%
<b>Total</b>	<b>40</b>	<b>100%</b>	<b>40</b>	<b>100%</b>	<b>40</b>	<b>100%</b>	<b>40</b>	<b>100%</b>

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	-	0%	1	2%	-	0%	-	0%
Mastery	7	15%	4	8%	6	13%	6	13%
Basic	19	39%	19	40%	22	46%	17	35%
Approaching Basic	14	29%	17	35%	13	26%	17	35%
Unsatisfactory	8	17%	7	15%	7	15%	8	17%
<b>Total</b>	<b>48</b>	<b>100%</b>	<b>48</b>	<b>100%</b>	<b>48</b>	<b>100%</b>	<b>48</b>	<b>100%</b>

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**NEW ORLEANS, LOUISIANA**

**Schedule K-9**

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	-	0%	1	2%	-	0%	-	0%
Mastery	6	13%	6	13%	4	9%	7	15%
Basic	20	43%	24	51%	28	60%	19	40%
Approaching Basic	12	26%	7	15%	10	20%	14	30%
Unsatisfactory	9	18%	9	19%	5	11%	7	15%
<b>Total</b>	<b>47</b>	<b>100%</b>	<b>47</b>	<b>100%</b>	<b>47</b>	<b>100%</b>	<b>47</b>	<b>100%</b>

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	-	0%	-	0%	1	2%	1	2%
Mastery	1	2%	5	12%	2	5%	3	7%
Basic	19	44%	7	16%	20	47%	26	60%
Approaching Basic	18	42%	25	58%	13	30%	9	21%
Unsatisfactory	5	12%	6	14%	7	16%	4	10%
<b>Total</b>	<b>43</b>	<b>100%</b>	<b>43</b>	<b>100%</b>	<b>43</b>	<b>100%</b>	<b>43</b>	<b>100%</b>

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	-	0%	1	2%	-	0%	2	4%
Mastery	5	11%	2	4%	4	9%	1	2%
Basic	22	46%	21	44%	17	35%	23	48%
Approaching Basic	16	33%	12	25%	17	35%	16	33%
Unsatisfactory	5	10%	12	25%	10	21%	6	13%
<b>Total</b>	<b>48</b>	<b>100%</b>	<b>48</b>	<b>100%</b>	<b>48</b>	<b>100%</b>	<b>48</b>	<b>100%</b>

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	-	0%	-	0%	-	0%	-	0%
Mastery	3	7%	3	7%	4	9%	6	14%
Basic	24	56%	23	53%	21	49%	23	53%
Approaching Basic	13	30%	10	23%	13	30%	11	26%
Unsatisfactory	3	7%	7	17%	5	12%	3	7%
<b>Total</b>	<b>43</b>	<b>100%</b>	<b>43</b>	<b>100%</b>	<b>43</b>	<b>100%</b>	<b>43</b>	<b>100%</b>

**OMB CIRCULAR A-133 COMPLIANCE AND  
*GOVERNMENT AUDITING STANDARDS* REPORTS**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
New Orleans Charter Schools Foundation  
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation") d/b/a McDonogh City Park Academy, which comprise the Statement of Financial Position as of June 30, 2013, and the related Statement of Activities, Cash Flows, and Functional Expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, LLC*

Metairie, Louisiana  
November 13, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

Board of Directors  
New Orleans Charter Schools Foundation  
New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the New Orleans Charter Schools Foundation's (a nonprofit organization) (the "Foundation") d/b/a McDonogh City Park Academy compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2013. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.



## **Opinion on Each Major Federal Program**

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## **Report on Internal Control over Compliance**

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Carr, Riggs & Ingram, LLC*

Metairie, Louisiana  
November 13, 2013

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2013**

<b><u>Federal Grantor/ Program Title/ Pass-Through Grantor</u></b>	<b><u>Federal CFDA Number</u></b>	<b><u>Expenditures</u></b>
<u>U.S. Department of Education:</u>		
<i>Passed-through Louisiana Department of Education:</i>		
Title I Grants to Local Educational Agencies (LEAs)	84.010	\$ 410,352
Title II Improving Teacher Quality State Grants	84.367	30,745
Special Education - Grants to States (IDEA, Part B)	84.027	88,644
Special Education – Grants to States (IDEA Preschool)	84.173	999
School Improvement Grants – Recovery Funds*	84.388	<u>556,200</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>\$ 1,086,940</u>

\*Identified as a major program.

See accompanying Note to the Schedule of Expenditures of Federal Awards.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS**  
**For the Year Ended June 30, 2013**

**NOTE 1 - BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2013**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of New Orleans Charter Schools Foundation (a nonprofit organization) (the "Foundation").
2. No instances of noncompliance material to the financial statements of the Foundation were disclosed and identified during the audit.
3. No significant deficiencies relating to the audit of the major federal award programs is reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over compliance Required by OMB Circular A-133*.
4. The *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over compliance Required by OMB Circular A-133* expresses an unqualified opinion on all major federal programs.
5. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
6. A management letter was not issued for the year ended June 30, 2013.
7. The programs tested as major programs for the year ended June 30, 2013 was:

<u>Program Title</u>	<u>CFDA No.</u>
School Improvement Grants – Recovery Funds	84.388

8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. The Foundation qualified as a low-risk auditee.

**B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

There were no findings related to the financial statement for the year ended June 30, 2013.

**NEW ORLEANS CHARTER SCHOOLS FOUNDATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS  
For the Year Ended June 30, 2013**

**SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
COMPLIANCE**

Not applicable.

**SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR  
FEDERAL AWARD PROGRAMS**

Not applicable.

**SECTION III – MANAGEMENT LETTER**

Not applicable.